

finally subscribed to the project proposed by Great Britain, whereby the use of the property will be restored wherever possible and in other cases compensation will be arranged through mixed tribunals.

Belgium stood firmly for the principle of restitution and went on record as protesting, declaring that the vested interests of Belgium in property in Russia amount to 1,000,000,000, and that Belgium will never again invest in Russia unless restitution is made.

In the discussion relating to the treatment of foreigners, the administration of justice and the general liberty of foreigners to travel and engage in enterprises in Russia, it was decided to abandon those sections of the London experts' report which referred to certain measures whereby the immediate restoration of Russia would be facilitated.

Among the provisions in this report thus given up was that requiring the consent of a foreign country to ratify the decision in a criminal case affecting the citizen of the country before such decision could be carried out. The delegates agreed to-day that such a measure would be a distinct violation of Russia's sovereignty.

Similarly it was agreed that the suggestion to insist upon exceptional treatment and protection for foreign workers in Russia and Russian workers employed by foreign companies would be unjust in its operation and harmful to the liberty of the trades union movement, not only in Russia, but throughout the world.

Concerning the general question of treatment of foreigners, a paragraph was inserted setting forth that inasmuch as proper restitution of Russia depends upon the reestablishment of freedom of movement and honest and equitable administration of justice, the Russian Government promises to undertake the establishment of these conditions immediately.

Various reports of an interesting nature, though not verified, were in circulation to-day. It was rumored that M. Jaspard had telegraphed to Brussels asking whether he should return to the Belgian capital because of his failure to get complete satisfaction on the question of restitution of Belgian property in Russia during to-day's discussion of the memorandum to the Russian delegates.

A third declared that Mr. Lloyd George would recommend that the Polish-Lithuanian dispute over the occupation of Vilna by the Polish army should be settled by application of the decision of the League of Nations.

POINCARÉ OPPOSES MEETING OF POWERS

Will Await May 31 to See if Germany Pays Up.

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New York Herald Bureau. Paris, May 1.—Premier Raymond Poincaré refuses absolutely to yield to Lloyd George's proposal of a meeting of the Powers signatory to the Versailles Treaty at or near Genoa. M. Poincaré believes the question of reparations is pursuing its normal course in the Reparations Commission, and he will refuse to take out of the hands of the commission by a meeting of the chiefs of state such as Lloyd George proposes—at least, until the critical date of May 31 has arrived.

The attitude of the French Government was emphasized to-day in such a manner as seemingly to dash entirely Mr. Lloyd George's hopes of getting a discussion of such a question as he proposed. If the Reparations Commission decides on May 31 to accord no new debt to Germany, but instead to notify the powers of Germany's default, France may then consent to such a meeting, but not before.

PARIS, May 1 (Associated Press).—Official address of the French Foreign Office is lacking in any form of concession to the reports that Prime Minister Lloyd George had proposed that the Allied Supreme Council meet at San Remo during the Genoa conference. It was stated to-day.

MOSCOW SEES VICTORY AT HAND IN GENOA

Never Had Any Illusions on Parley, Says Zinovieff.

Moscow, May 1 (Associated Press).—Soviet Russia celebrated to-day—May day—as a great landmark in the "victory of the proletariat," despite the fact that in all quarters the Genoa conference was looked upon as on the verge of collapse.

M. Zinovieff, chairman of the executive committee of the Petrograd Soviet, addressing the Petrograd Soviet, which asked the Russian Genoa delegates to refuse the allied memorandum, declared:

"The question is clear—either they break up the conference. We never had any illusions about Genoa, therefore we are not afraid of a breakup. It will not be a catastrophe."

"We do not think another blockade of Russia heavier than the one we have undergone would be possible, even if it were a blockade, and if within a few months the bourgeoisie had again we hope they will be more conciliatory. We do not think it possible to press us into a new war, but we must be ready."

TROTSKY TELLS TROOPS ALLIES ASK TOO MUCH

Warns Them to Be Prepared; Says 'Russia Never Will Yield'

Moscow, May 1 (Associated Press).—Leon Trotsky, the Soviet War Minister, addressing the Moscow Soviet on the May Day review at which the oath of allegiance was taken by all the soldiers, declared that the Allies at Genoa desired conditions to which Russia would never yield, therefore he asked the troops to be prepared.

"We offered to disarm," he said, "but the Allies did not want that. We offered to bargain, we offered to pay the pre-war debts, but they refused. They would recognize us if we abolished Soviet Russia and restored capitalism. We answered no, and will always answer no."

One hundred thousand troops marched in review, followed by hundreds of thousands of workmen and workwomen. The oath taken by the soldiers, signifying the end of military in the ranks, pledged them to defend Soviet Russia with their full strength to the death.

BERLIN'S FOOD PRICES UP; HOARDING FOLLOWS

New Buying Panic Is Causing Widespread Discontent.

Special Cable to THE NEW YORK HERALD. Copyright, 1922, by THE NEW YORK HERALD.

New York Herald Bureau. Berlin, May 1.—A sharp increase in prices has brought about a new buying panic, with the result that the supply of foodstuffs is again being bought up for hoarding. Grocery stores have been emptied of their canned goods and department stores of clothing. It is not possible to buy even a loaf of bread in Berlin owing to the sugar hoarding by large hotels and bakeries. This is causing widespread discontent.

PHILADELPHIA, May 1.—A company sales of Easter week in New York City for week ending Saturday, April 29, on shipments sold, ranged from 12.50 cents to 16.00 cents per pound, and averaged 14.42 cents per pound.—A.P.

BELGIUM DEMANDS PAY FOR PROPERTY

Objects to Allies' Plan of Settlement for Seizures by Soviet.

REFUSES TO GIVE IN

Matter Goes to Committee and Draft of Clause May Be Amended.

FRANCE IS WITH BRITAIN

Cannes Resolution to Be Written In to Safeguard Terms of Treaty.

By FRANCIS MCULLAGH.

Special Cable to THE NEW YORK HERALD. Copyright, 1922, by THE NEW YORK HERALD.

GENOA, May 1.—In the subcommittee on Russian affairs this morning Belgium delayed the formulation of the Russian terms. Henri Jaspar, the Belgian Foreign Minister, opposed acceptance by the commission, which included Mr. Lloyd George and M. Barthou, of Article VI, referring to private property, though in the drafting of that article the British, French and Belgian experts had agreed.

M. Jaspar said he had experienced "great difficulty" over this draft, notwithstanding the fact that Belgian jurists in Russia, he said, "are very important, being worth 100,000,000, mostly held by small investors, and including 160 different commercial undertakings. Something more precise is really necessary. Russia must make practical restoration of property; otherwise it will be very difficult for Russia to raise fresh money."

M. Jaspar proposed an amendment to that effect.

Belgians Urged to Agree.

Lloyd George said that after the most able protest M. Jaspar had made, he hoped he would accept the draft proposed by the drafting committee.

In this important clause, the British Premier said, he felt the Belgians' position was difficult, but that the Belgians' difficulties were "incomparable with Russia's difficulties," and that he felt sure M. Jaspar would understand that his proposal of an amendment would prevent any agreement with the Russians. He was quite of the opinion that "if the Russians prove unreasonable, full responsibility should fall upon the Russians, not upon us. We must not go behind the Cannes resolutions."

The Cannes resolution stipulated that the Bolsheviks recognize their obligation to restore or compensate foreign interests for loss or damage, whereas M. Jaspar's amendment did not give the Russians that option, but demanded restoration whatever property existed.

"This is not an amendment for the draft," said Mr. Lloyd George, "it is an amendment for the Cannes resolutions. It is pressing intervention beyond the point which a sovereign State can accept and demands of the Russians more than has been demanded of the Czechoslovaks and the Rumanians, who passed the most severe nationalizing legislation."

Jaspar Refuses to Give In.

"I feel that I have the right to press this point strongly because, while Belgium interests are very great, Great Britain's are no less important, being that the matter alone involves those of Belgium. Yet the draft was thoroughly approved by the British business men on the British delegation."

Mr. Lloyd George appealed to M. Jaspar not to press the amendment.

Mr. Barthou thought the draft a great improvement and proposed to accept it, but with a view to meeting M. Jaspar's desire, he suggested that the actual terms of the Cannes resolution be introduced into the first paragraph of the article. Mr. Lloyd George accepted this suggestion, but M. Jaspar pressed the original amendment. After some conversation between Giuseppe Motta of Switzerland, M. Jaspar and Baron Consue Hayashi of Japan, the subcommittee decided that while there was no question of redrafting the article itself a committee should deal with it on the clear understanding that it carry out the Cannes stipulations. This committee will meet to-day.

Before considering the draft under discussion, Carlo Schanzer read Tehtcherin's note of April 28, asking the Italians to sum up the first political subcommittee, and threatening that if the Powers withdrew their offer of April 15, Russia would withdraw her offer in reply and assume her original position.

Baron Schanzer read Premier Luigi Facta's reply, which said:

"The delay is due to the necessity for defining certain points, and exchanging views among the delegations. The Russians got a delay to consider matters, and cannot complain of delay by the Allies. Do you insist upon your request being pressed?"

Mr. Barthou assented to the answer, adding that the commission take no cognizance of anything not connected with the Cannes conditions.

Not Hostile to Russians.

Mr. Barthou said he had only one observation to make, and that was that France, never hostile to the Russian people, was anxious to resume normal relations with a people allied with France until 1917, adding that France's grievance was directed only against the Government that signed the Brest-Litovsk treaty.

The subcommittee then examined Article II, relating to debts. Mr. Lloyd George said he had examined it very carefully and was not altogether satisfied with it, but was prepared to accept it on the understanding that his acceptance was provisional upon the acceptance by the other Powers of the drafts proposed by the jurists. He thought the draft carried out the promises made to the Russians on April 15.

FINGER PRINTING EXTENDED.

TRENTON, May 1.—Finger prints of all members of police and fire departments in cities of the State which have adopted civil service, will be taken as a means of identification. This is to ensure the State Civil Service Commission that there are no frauds and impersonations in examinations or on payrolls.

Makes 4 London-Paris Flights in Same Day

PARIS, May 1 (Associated Press).—Major W. T. Blake, the British aviator who soon will attempt an airplane trip around the world, replacing the late Sir Ross Smith, made four successful flights to-day between London and Paris.

He left the Croydon aerodrome at 6:55 o'clock this morning, arrived at Le Bourget, near Paris, at 8:03 o'clock, left Le Bourget at 9:38, arrived at Croydon at 11:34, left Croydon at 12:50 P. M., reached Le Bourget at 2:58, left again at 3:20 and landed at Croydon for the last time at 5:40 o'clock this afternoon.

TCHITCHERIN SAYS NO SECRET CLAUSES

Says Russo-German Treaty Guiltless of Military and Political Pacts.

GENOA, May 1 (Associated Press).—M. Barthou, head of the French delegation, who will leave Genoa to-morrow to confer with Premier Poincaré on the non-aggression pact and the proposal to hold a meeting of the signatories of the Versailles Treaty for a general discussion of the German reparations question, also will explain to the Premier the details of the memorandum to be presented to the Soviet delegation which was completed to-day, and will point out that France's legitimate interests are protected.

In to-day's session of the subcommittee dealing with Russian affairs, M. Barthou read a letter written to him by M. Tchitcherine assuring him there were no secret military or political clauses in the Russo-German treaty signed Easter Sunday at Rapallo. Tchitcherine said Russia had no hostile toward France, notwithstanding France's unfriendly attitude toward Russia.

The letter said that in the comments of the French press by the heads of the French Government it was apparent that the agreement worked out in Berlin and signed by the Russian and German Foreign Ministers at Rapallo had been interpreted as an action against the interests of France.

The letter further said official denials as well as a declaration by the German Chancellor to the press, had not allayed suspicions concerning the real sense and character of the Russo-German agreement.

"On that account," it said, "the Russian delegation, in the interest of truth and in order to dissipate possible misunderstandings about the pact, has determined to address you this letter. The Russian delegation announces in the most categorical manner that the Rapallo Treaty does not contain any secret clauses of military or political character, and that the Russian Government has not engaged in any action of any sort against the interests of the French nation or any other nation whatsoever."

The agreement at Rapallo had for its object only the regulation of certain questions pending between the two States which had been at war, and the necessity of reestablishing peaceful relations in their own interests and in the interest of everybody.

"Far from being directed against France or any other Power, the Russo-German agreement is only the first of a series of agreements intended in the mind of the Russian delegation to complete the general understanding of the world, which the Powers represented at Genoa are striving. These are needed as a basis for peace throughout the world."

In commenting upon the above letter, Mr. Barthou said France had never shown any hostility to the Russian people and that Russia was anxious to resume relations with Russia, which had been an ally up to four years ago. France, he said, was only against the Government which signed the Brest-Litovsk treaty.

M. Tchitcherine also sent to Foreign Minister Skirmunt, chief of the Polish delegation, another note reiterating the Soviet proposal of Poland's action in joining the great Powers in questioning the right of Russia and Germany to sign the Easter treaty at Rapallo. The note announced that Poland's recent reply to the Soviet delegation did not explain away the Russian charge that Poland had violated both its peace treaty with Russia and the recent agreement entered into at Riga with Russia and the Baltic States. It said in part:

"If Germany had violated some agreement with the third Powers by signing the Treaty of Rapallo, the way was laid open for diplomatic representation of the part of the third Powers. Instead of which the signatories of the notes of April 18 and April 20 arrogated the right, without even informing Russia, to impose a new agreement, thus putting and simply annulling some clauses of the treaty. By thus placing obstacles in the way of mutual amity on the part of Russia and of other States of their reciprocal claims, Poland prevents the economic resurrection of Russia. She closes forever the only road which would permit Russia to emerge from the crisis through which she is passing. By hindering in this way the vital interests of Russia, Poland violates the Treaty of Riga, which stipulates friendly relations between Poland and Russia."

"It is, therefore, impossible for me, though expressing once again Russia's constant and unshakable desire for peace, not to express regret that the latest steps of the Polish delegation are hardly of such a nature as to consolidate the relations created by the Treaty of Riga between Russia and Poland."

DIRECT CABLE LINKS IRELAND AND AMERICA

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New York Herald Bureau. Dublin, May 1.—Postmaster-General James J. Walsh in the Provisional Government announced to-day that arrangements had been completed for direct cable and wireless communication with America. The Commercial Cable Company and Marconi Wireless will accept messages to and from Ireland and America without routing through London, as was done when the Irish postal service was under British control.

BRITISH RECOVERY SHOWS IN BUDGET

Shilling Off Income Tax. Reduction on Tea and Coffee Proposed.

NO DEBT REDEMPTION

Sinking Fund Suspended, but Interest to Be Paid to United States.

PREDICTS PAR EXCHANGE

Chancellor Says Payments From Germany Would Be Considered Windfalls.

Special Cable to THE NEW YORK HERALD. Copyright, 1922, by THE NEW YORK HERALD.

New York Herald Bureau. London, May 1.—That England is coming back—recovery from war depression in trade, business and finance—and that "the country is entitled to take some legitimate pride" were the optimistic conclusions reached by Sir Robert Stevenson Horne, Chancellor of the Exchequer, in his speech in the House of Commons to-day introducing the budget estimates for the fiscal year 1922-23. The Chancellor was loudly cheered, and frequently interrupted with expressions of approval. Improved conditions, he said, made possible the following proposals:

A shilling off the British income tax, which has been 6 shillings in the pound sterling (20 shillings).

A reduction of the tax on tea from 1 shilling to 8 pence on the pound; and a reduction of one-third in the tax on cocoa, coffee and chicory.

Lower telephone charges. Reassessment of land for house property tax.

Reduction in agricultural assessments. Payment of arrears in the excess profits tax, in certain instances, to spread over five years.

Reduction in postal charges and the resumption of Sunday collections.

Budget Shows Surplus.

The budget provides for £10,775,000 revenue and £10,048,000 expenditures, including £25,000,000 for contingencies.

Sir Robert praised the "patriotic character of the people, and said that the redemption of so much of the national debt was very creditable to the country." He alluded to the "solidarity of the banking system and the men who control it." He thought it gratifying to be able to record that in the three years since the end of March, 1919, the external debt now amounting to £11,000,000,000 had been reduced by £274,500,000.

"There is one matter," said the Chancellor, "to which I should like to draw your attention, namely, the improvement in the value of the pound sterling as the first fruit of our payment on the external debt." He hoped that before long exchange would be restored to par.

The budget was acclaimed as a Government triumph by the majority, and many of its features were praised by the opposition. Certain circles are disappointed that only a shilling has been cut from the income tax, while labor regrets that no reduction in the tax on beer was mentioned.

Sir Robert Praises Banks.

In giving a general survey of conditions, the Chancellor said:

"The last year has proved one full of unexampled trial and difficulty for industry and commerce, and therefore for finance. The first three months were swept by the greatest industrial troubles which this country, and perhaps any other country, has ever known. There has been a very serious effect upon our trade, with serious results upon revenue last year."

"Employment followed in the wake of the troubles, and their gravity and extent throughout the whole year have been not only the serious and constant anxiety of the people of this country, but also have caused great expenditure by the State. Before we should meet these reverses without worse calamities than we have endured is eloquent testimony to the soundness of the country and the solidity of its financial position."

"I should like to pay a tribute to this point to the banks. As one whose duty it has been closely to observe the movements and vicissitudes of money and business, I have a clear conviction that throughout the crisis the country owes more than adequately can be stated to the solidity of our banking system and the ability of the men who control it."

"We finished the financial year of 1921-1922 with less misfortune than I had anticipated, certainly with less disaster than my honorable friends of the opposition encouragingly predicted."

"Last year's budget anticipated a revenue of twelve to sixteen millions and an expenditure of eleven to thirty-six millions, with a surplus for debt redemption of eighty millions. The actual results are: Revenue, £1,124,880,000, or £91,000,000 less than estimated, and expenditure, £1,075,157,000, or less than the estimate by £57,000,000, with a surplus for debt reduction of £45,500,000. This is very creditable to the country."

Some Estimates Exceeded.

Sir Robert said that the amounts paid to the Exchequer for excise and customs exceeded the estimate by £1,300,000. He said that beer had realized almost two millions more than the budget estimate, with spirits under the estimate. Inland revenue duties as a whole fell below the estimate by more than £110,000,000, which arose almost entirely from excess profits duties, which showed a shortage. The corporations profit tax failed by £12,500,000, which, said the Chancellor, was due to trade depression.

In the income tax, taking all circumstances into account, I think we shall agree that the yield was not unsatisfactory. It is a remarkable thing that we should have collected nearly £400,000,000 more in income and super tax. This is attributed not only to the financial resources of the country, but to the patriotic character of the people. The super tax collected £1,750,000 more than had been expected."

"The maximum figure reached by the income tax was £1,750,000,000. It is a remarkable thing that we should have collected nearly £400,000,000 more in income and super tax. This is attributed not only to the financial resources of the country, but to the patriotic character of the people. The super tax collected £1,750,000 more than had been expected."

FOUND ANYTHING?

If so, see it in the Last and Second columns of to-day's New York Herald.—A.P.

Lloyd George Quoted Russia Will Pay 90 P. C.

GENOA, May 1.—During discussion in the subcommittee of the private property article of the proposals to Russia Prime Minister Lloyd George made an important announcement concerning Russia's intentions. He declared she was ready to give back 90 per cent. of the seized private property "in kind," leaving only 10 per cent. to be accounted for. The Premier did not divulge the source of his information, nor did he disclose whether the restitution was to convey the title or merely the use of the property.

deadweight national debt of the country," continued Sir Robert, "was in December, 1919, when it amounted to the huge total of £7,500,000,000. By the end of March, 1921, the figure had been reduced to £7,274,500,000. The corresponding figure at the end of March, 1922, was £7,654,000,000, which is an increase in the nominal total of over eighty millions. The explanation is, of course, that the issue of the 3½ per cent. conversion loan brought up the nominal total debt, while it did not increase the real burden. Indeed, the real burden has decreased considerably for this year, not only in payments of cash, but because of a change in its character."

"It has been found possible to reduce the estimate for interest management of the debt this year by seventeen millions, and in this we have considerable reason for satisfaction as regards the external and internal debts."

"Transference of the external debt to the internal is a definite gain to national welfare, for we are paying interest ourselves instead of to other people. We have reduced the external debt by no less than £274,500,000. These figures do not include the interest suspended in suspension on the debt due to the United States."

"The total debt due the United States is \$4,166,000,000, and taking \$3.20 to the pound, as it stood to last year, the debt works out at £1,287,500,000. With exchange at \$4.20, the sterling equivalent is now £946,820,000. This represents a reduction of £355,000,000, and when exchange is restored to par the sterling equivalent will be £550,000,000.

"The question of exchange's effect upon the fortunes of the country is a very interesting one, but I think the figures relating to our exports to the United States of raw material and the dollar value of our purchases are sufficiently striking. I hope there will be still further grounds for satisfaction as regards the floating market debt due to the improvement in British securities. Taxpayers would secure substantial alleviation in the burden of interest on the debt. In any case the position has been vastly improved."

Reduction of Debt.

"Instead of £282,000,000 maturing in the debt, maturing this year will be reduced to £155,000,000. The record last year regarding the debt is that we have greatly eased our position by reducing the internal debt by £70,000,000 and the floating debt by £246,000,000 by reducing the maturing debt in four years to £250,000,000. And in addition to these desirable changes in the character of our debt we have devoted over £88,000,000 of reduction in the deadweight burden of our debt."

Speaking of the coming year, Sir Robert said he deprecated the extension of a supplementary estimate, as he felt confident that the course of the present year, like last, would succeed in making appreciable reductions, with still more the following year. He said the estimated total of the debt to the United States from October next, but included no provision for repayment of the debt apart from certain terminable annuities. Speaking of the proposed reduction in taxes, the Chancellor said:

"Unemployment is widespread, breaking the hearts and embittering the lives of hundreds of thousands of our working people. The professional middle classes are enduring privation to-day such as they never before had to face. The unparalleled depression which existed throughout the whole of last year is still with us."

"Happily, there are signs of revival, which with a little encouragement may develop into solid progress. The burden of taxation which has been borne by the British people, both during and since the war, in a degree which excited the admiration of the whole world, is now felt to be so oppressive as to check enterprise and depress industry. It is not possible by slackening to give some much needed stimulus to trade?"

"I have no doubt as to the course we should pursue. We are saddled, this present year, with a new burden in the shape of the interest we have to pay on our debt to the United States. That we shall meet without question. (Cheers.) But it is possible, by too great pressure upon the taxpayer, to defeat the very object at which we aim."

"I think the turning point has come. I am of the opinion that we should not ask the taxpayer this year to reduce any of our debt. At the end of the year our debt will not be decreased, but will not be any greater. The need for reduction in taxation is great, if industry is to have a fair prospect of success."

TRUE MURDER TRIAL IS STARTED IN LONDON

Husband of New York Actress Accused of Slaying Girl.

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New York Herald Bureau. London, May 1.—The suggestion that "Major" Ronald True might have been a drug addict and that his wife and other relatives had sought to find him, thinking he should be taken care of, was raised by the defense at the opening of his trial to-day at the Old Bailey.

Gertrude Yates, known also as Olive Young, was one of the thousands of girl frequenters of night dance clubs in Piccadilly who was found dead in the bathroom of her flat in Kensington May 15 last. It was also intimated to-day that the question of True's sanity might be brought up. Some of the girl's jewelry, it was charged, had been traced to True.

In July, 1917, True was acting as an instructor for the Eastern Aeroplane Company in Brooklyn, N. Y. He was later an instructor at Ellington Field, Texas, where it was reported that he married a Houston girl. It also was said he married a girl named G. W. Wilmington, Del., earlier in the year. His present wife, formerly Florence Roberts, claims to have been a member of the Ziegfeld club in New York.

True was nattily dressed when he appeared to-day for trial, wearing a spring white hatter suit. He was smiling as he pleaded not guilty.

ONLY GERMAN BANK IN HAVANA NOT OPEN

HAVANA, Cuba, May 1.—H. Upmann & Co., the only German bank in Havana, did not open for business to-day and attempts to secure a statement from officials proved futile. At the offices of the Federal Bank Liquidation Commission it was announced that the commission knew nothing officially of the bank's action.

A conference of American, Canadian and British bankers was still in session to-day, without, however, having issued any statement regarding the purpose of their meeting.

BOLSHEVIKI OPPOSE ABOLISHING TARIFFS

Would Keep Import and Export Duties Unless All Nations Agree.

GOVERNMENT TO RULE

System Results in Smuggling, Which Traders Prefer to Soviet Dealings.

REDS CRITICIZE ALLIES

Call Publication of Memorandum Unprecedented in Diplomatic History.

By FRANCIS MCULLAGH.

Special Cable to THE NEW YORK HERALD. Copyright, 1922, by THE NEW YORK HERALD.

GENOA, May 1.—Discussions in the commissions and subcommittees have brought out the fact that there is considerable divergence of opinion between the Bolsheviks and the Bourgeois states regarding foreign trade methods. In the first economic subcommittee, Krassin opposed the suggested abolition of import and export duties, since the Soviet, he said, could not renounce the right to regulate internal and external commerce except in case of economic restoration by all countries and the reestablishment of economic equilibrium and stabilization of exchange over all the world.

Krassin still holds to the theory that the Russian Government will handle all foreign trade directly or through cooperatives which are practically State institutions; in other words, the Bolsheviks are committed to the theory of governmental capitalism for external but not internal trade.

This system results in wholesale smuggling from western factories established in Finland and other border States selling products to smugglers, cutting swift boats, which land cargoes at night along the Russian coast. The same thing is true of the Black Sea and a consequent loss of revenue to the Russian Government, but the heads of these factories prefer smugglers to the delay, loss and worry in dealing with the Government.

Unprecedented Since Abraham.

The Russian delegation is unwilling to express an opinion on the terms agreed to to-day by the Allies, for presentation to the Soviet delegation, but THE NEW YORK HERALD has been given a general impression of Russia's attitude from several of the members. This attitude, as expressed by one member, severely criticizes the methods of the Allies.

"It is unprecedented in the whole course of diplomatic history since the time of Abraham," he said, "for a preamble of a secret memorandum designed for presentation to a Government to be published in newspapers all over the world before the